

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**July 8, 2009**

**Project Number** CA-2009-820

**Project Name** Windsor Redwoods  
**Address:** 6065 Old Redwood Highway  
Windsor, CA 95492 County: Sonoma

**Applicant Information**

**Applicant:** Burbank Housing Development Corporation  
**Contact** Lisa Yoshida  
**Address:** 790 Sonoma Avenue  
Santa Rosa, CA 95404  
**Phone:** (707) 526-1020 **Fax:** (707) 526-9811  
**Email:** [lyoshida@burbankhousing.org](mailto:lyoshida@burbankhousing.org)  
**Sponsors Type:** Nonprofit

**Information**

**Housing Type:** Large Family

**Bond Information**

**Issuer:** California Municipal Finance Authority  
**Expected Date of Issuance:** September 15, 2009  
**Credit Enhancement:** N/A

**Eligible Basis**

**Actual:** \$22,765,836  
**Requested:** \$22,765,836  
**Maximum Permitted:** \$44,568,068

**Extra Feature Adjustments:**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 43%  
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 74%

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,035,846	\$0
Recommended:	\$1,035,846	\$0

**Project Information**

**Construction Type:** New Construction  
**Federal Subsidy:** Tax-Exempt/HOME  
**HCD MHP Funding:** Yes  
**Total # of Units:** 65  
**Total # Residential Buildings:** 6

**Income/Rent Targeting**

Federal Setaside Elected: 40%/60%  
% & No. of Targeted Units: 100% - 64 units  
55-Year Use/Affordability Restriction: Yes  
Number of Units @ or below 35% of area median income: 24  
Number of Units @ or below 50% of area median income: 28  
Number of Units @ or below 60% of area median income: 12

<u>Unit Type &amp; Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent</u> (including utilities)
6 One-Bedroom	30%	\$451
3 One-Bedroom	40%	\$601
2 One-Bedroom	50%	\$751
1 One-Bedroom	60%	\$901
11 Two-Bedroom	30%	\$541
4 Two-Bedroom	40%	\$722
10 Two-Bedroom	50%	\$902
7 Two-Bedroom	60%	\$1,082
7 Three-Bedroom	30%	\$625
2 Three-Bedroom	40%	\$834
7 Three-Bedroom	50%	\$1,042
4 Three-Bedroom	60%	\$1,234
1 Three-Bedroom	Manager's Unit	\$0

The general partner or principal owner is Burbank Housing Development Corporation.

The project developer is Burbank Housing Development Corporation.

The management services will be provided by Burbank Housing Management Corporation.

The market analysis was provided by Goldrush Realty Advisors Inc.

The Local Reviewing Agency, the County of Sonoma, has completed a site review of this project and strongly supports this project.

**Project Financing**

Estimated Total Project Cost: \$26,402,737    Per Unit Cost: \$406,196    Construction Cost Per Sq. Foot: \$198

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank – Tax-Exempt Bonds	\$14,100,511	US Bank – Tax-Exempt Bonds	\$1,666,931
Town of Windsor – RDA	\$1,300,000	US Bank – Section 8 Increment Loan	\$1,073,476
Town of Windsor – RDA	\$900,000	Town of Windsor – RDA	\$3,192,000
Sonoma County – HOME	\$811,638	Sonoma County – HOME	\$811,638
AHP	\$432,000	State MHSA	\$1,000,000
HCD Infill Infrastructure Grant	\$2,519,409	AHP	\$432,000
TCAC Gap Grant	\$1,243,002	HCD Infill Infrastructure Grant	\$2,519,409
Seller Rent Back Income	\$120,500	TCAC Gap Grant	\$1,243,002
Deferred Developer Fee	\$1,512,500	HCD MHP	\$4,693,533
Investor Equity	\$1,063,008	Seller Rent Back Income	\$120,500
		Deferred Developer Fee	\$1,512,500
		Investor Equity	\$8,137,748
		<b>TOTAL</b>	<b>\$26,402,737</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$22,765,836
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$29,595,587
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$1,035,846
Approved Developer Fee:	\$2,500,000
Tax Credit Factor: <i>CA Housing Partnership Corp.</i>	\$0.78561

Applicant requests and staff recommends annual federal credits of \$1,035,846 based on a qualified basis of \$29,595,587 and a funding shortfall of \$8,137,748.

**Cost Analysis and Line Item Review**

The requested eligible basis \$22,765,836 is below TCAC’s adjusted threshold basis limit \$44,568,068. The basis limit includes the adjustment for extraordinary features for 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI and 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted at 35% AMI & below. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitation.

Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one.

Staff has calculated federal tax credits based on 3.50% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

**Special Issues/Other Significant Information:** None

**Recommendation:** Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
<b>\$1,035,846</b>	<b>\$0</b>

**Standard Conditions**

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credits when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

**Additional Conditions:** None

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Project Analyst: Anthony Zeto